



U. S. SMALL BUSINESS ADMINISTRATION FACT SHEET - DISASTER LOANS

NEW HAMPSHIRE #10857/#10858

(Disaster #NH-00004)

For the Counties of Grafton, Hillsborough, Merrimack, Rockingham and Strafford and for *Economic Injury Only* the contiguous counties of Belknap, Carroll, Cheshire, Coos and Sullivan in the *State of New Hampshire*; contiguous counties of Essex, Middlesex and Worcester in the *Commonwealth of Massachusetts*; contiguous York County in the *State of Maine*; and contiguous counties of Caledonia, Essex, Orange and Windsor in the *State of Vermont*.

Result of damages caused by Severe Storms and Flooding Occurred April 15, 2007 and continuing

**Filing Deadline for applications for Physical Damage
to homes, personal property, businesses:**

June 26 , 2007

Filing Deadline for applications for Economic Injury:

January 28, 2008

Whether you rent or own your own home, own your own business, or own a small agricultural cooperative located in a declared disaster area, and are the victim of a disaster, you may be eligible for financial assistance from the U.S. Small Business Administration (SBA).

What Types of Disaster Loans are Available?

- Home Disaster Loans – Loans to homeowners or renters to repair or replace disaster damaged real estate or personal property owned by the victim. Renters are eligible for their personal property losses, including automobiles.
- Business Physical Disaster Loans – Loans to businesses to repair or replace disaster-damaged property owned by the business, including real estate, inventories, supplies, machinery and equipment. Businesses of any size are eligible. Non-profit organizations such as charities, churches, private universities, etc., are also eligible.
- Economic Injury Disaster Loans (EIDL) – Loans for working capital to small businesses and small agricultural cooperatives to assist them through the disaster recovery period. EIDL assistance is only available to applicants and their owners who cannot provide for their own recovery from non-government sources. Farmers, ranchers, nurseries, religious and nonprofit organizations are not eligible for an EIDL.

What are Mitigation Loans?

If your loan application is approved, you may be eligible for additional funds to cover the cost of improvements that will protect your property against future damage. Examples of improvements include retaining walls, seawalls, sump pumps, etc. Mitigation loan money would be in addition to the amount of the approved loan, but may not exceed 20 percent of the approved loan amount. It is not necessary for the description of improvements and cost estimates to be submitted with the application. SBA approval of the mitigating measures will be required before any loan increase.

What are the Credit Requirements?

- Credit History – Applicants must have a credit history acceptable to SBA.
- Repayment – Applicants must show the ability to repay all loans.
- Collateral – Collateral is required for physical loss loans over \$10,000 and all EIDL loans over \$5,000. SBA takes real estate as collateral when it is available. SBA will not decline a loan for lack of collateral, but requires you to pledge what is available.

What are the Interest Rates?

By law, the interest rates depend on whether each applicant has Credit Available Elsewhere. An applicant does not have Credit Available Elsewhere when SBA determines the applicant does not have sufficient funds or other resources, or the ability to borrow from non-government sources, to provide for its own disaster recovery. An applicant, which SBA determines to have the ability to provide for his or her own recovery is deemed to have Credit Available Elsewhere. Interest rates are fixed for the term of the loan, are determined by formulas set by law, and may vary from disaster to disaster with market conditions. Currently (for disasters, which occurred on or after April 10, 2007) the applicable interest rates are:

	<u>No Credit Available</u>	<u>Credit Available</u>
	<u>Elsewhere</u>	<u>Elsewhere</u>
Home Loans	2.875%	5.750%
Business Loans	4.000%	8.000%
Non-Profit Organizations	4.000%	5.250%
Economic Injury Loans	4.000%	N/A

What are Loan Terms?

The maximum term is 30 years. However, the law restricts businesses with credit available elsewhere to a maximum 3-years term. SBA sets the installment payment amount and corresponding maturity based upon each borrower's ability to repay.

What are the Loan Amount Limits?

- **Home Loans** – SBA regulations limit home loans to \$200,000 for the repair or replacement of real estate and \$40,000 to repair or replace personal property. Subject to these maximums, loan amounts cannot exceed the verified uninsured disaster loss.
- **Business Loans** – The law limits business loans to \$1,500,000 for the repair or replacement of real estate, inventories, machinery, equipment and all other physical losses. Subject to this maximum, loan amounts cannot exceed the verified uninsured disaster loss.
- **Economic Injury Disaster Loans (EIDL)** – The law limits EIDL(s) to \$1,500,000 for alleviating economic injury caused by the disaster. The actual amount of each loan is limited to the economic injury determined by program standards, less business interruption insurance and other recoveries up to the administrative lending limit. SBA also considers potential contributions that are available from the business and/or its owner(s) or affiliates.
- **Business Loan Ceiling** – The \$1,500,000 statutory limit for business loans applies to the combination of physical and economic injury, and applies to all disaster loans to a business and its affiliates for each disaster. If a business is a major source of employment, SBA has the authority to waive the \$1,500,000 statutory limit.

What Restrictions are there on Loan Eligibility?

- **Uninsured Losses** – Only uninsured or otherwise uncompensated disaster losses are eligible. Any insurance proceeds which are required to be applied against outstanding mortgages are not available to fund disaster repairs and do not reduce loan eligibility. However, any insurance proceeds voluntarily applied to any outstanding mortgages do reduce loan eligibility.
- **Ineligible Property** – Secondary homes, personal pleasure boats, airplanes, recreational vehicles and similar property are not eligible, unless used for business purposes. Property such as antiques and collections are eligible only to the extent of their functional value. Amounts for landscaping, swimming pools, etc., are limited.
- **Noncompliance** – Applicants who have not complied with the terms of previous SBA loans are not eligible. This includes borrowers who did not maintain flood and/or hazard insurance on previous SBA or Federally Insured loans.

Is There Help Available for Refinancing?

- SBA can refinance all or part of prior mortgages that are evidenced by a recorded lien, when the applicant (1) does not have credit available elsewhere, (2) has suffered substantial uncompensated disaster damage (40 percent or more of the value of the property), and (3) intends to repair the damage.
- Homes – Homeowners may be eligible for the refinancing of existing liens or mortgages on homes, in some cases up to the amount of the loan for real estate repair or replacement.
- Businesses – Business owners may be eligible for the refinancing of existing mortgages or liens on real estate, machinery and equipment, in some cases up to the amount of the loan for the repair or replacement of real estate, machinery, and equipment.

What if I Decide to Relocate?

You may use your SBA disaster loan to relocate. The amount of the relocation loan depends on whether you relocate voluntarily or involuntarily. If you are interested in relocation, an SBA representative can provide you with more details on your specific situation.

Are There Insurance Requirements for Loans?

To protect each borrower and the Agency, SBA may require you to obtain and maintain appropriate insurance. By law, borrowers whose damaged or collateral property is located in a special flood hazard area must purchase and maintain flood insurance for the full insurable value of the property for the life of the loan.

For More Information Contact:
SBA Disaster Assistance Customer Service Center
1-800-659-2955
<http://www.sba.gov>

Greetings,

As a follow-up to previous inquiries regarding business disaster assistance, below is information on financing options for consideration:

SBA: As you may have heard, President Bush signed a major disaster declaration recently that qualifies New Hampshire flood victims for federal aid. If your business has sustained storm damage, here are a few simple steps to begin the disaster application process through the Small Business Administration's Disaster Customer Service Center:

1. Go to the SBA's website at the following address:
<http://www.sba.gov/services/disasterassistance/basics/howtoapply/index.html>. Businesses may download the application to complete it. *(Home loan applications may be picked up at the Disaster Recover Center or mailed to the applicant after the home owner registers with FEMA.)*
2. Call the SBA's Disaster Customer Service Center at 1-800-659-2955 for specific questions about properly filling out the application.
3. For face-to-face help, go to one of the Disaster Recovery Centers to complete and mail the applications for processing. Centers are located at the following addresses:
 - Pinardville Fire Station at 656 Mast Road in **Goffstown**
 - Allenstown Police Department at 40 Allenstown Road in **Allenstown**
 - Pine Acres Campground at 74 Freetown Road in **Raymond**

These centers are open from 8 a.m. to 8 p.m. Monday-Saturday.

Please note that the following counties have been approved for "**physical damage**" recovery (application filing deadline 6/26/07) (http://www.sba.gov/localresources/disasteroffices/disaster_recov/loaninfo/phydisaster.html) – Grafton, Hillsborough, Merrimack, Rockingham and Strafford.

All ten New Hampshire counties have been approved for "**economic injury**" recovery (application filing deadline 1/28/08) (http://www.sba.gov/localresources/disasteroffices/disaster_recov/loaninfo/ecoinjury.html).

NH Business Finance Authority (BFA): The Capital Access Loan Program (CAP) lending program is an option for financing and possibly to bridge a loan short term while waiting to hear from the SBA. Additional details and a listing of participating banks are located on the following website: <http://www.nhbfa.com/cap.htm>. (If your bank is not listed, they may call the NHBFA at 271-2391 for additional information.)

Additionally, here is a recent announcement which may be of interest:

Ocean National Bank flood assistance loans available: In response to storm related needs, Ocean National has established several loan programs designed to enable businesses and individuals to re-establish themselves at an expedited pace. (For more information, call **800-367-8862** or visit eOcean.com.)

For additional business assistance, please don't hesitate to contact me. If you are a commercial property owner, please feel free to pass this information along to your tenants.

Sincerely,

Cynthia J. Harrington
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NH Division of Economic Development
Business Resource Center
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F: 603-271-6784
C: 603-419-9839
email: charrington@dred.state.nh.us
www.nheconomy.com

All homeowners with questions about damages to their residence are asked to call the Office of Emergency Management's hotline at 1-800-458-2407.